Marketing Healthcare Centers & Hospitals
Session 12
Sales Management

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Sales and Sales Management

An integral part of the promotional mix is personal selling.

Historically, personal selling involved direct, face to face communication between the buyer and the seller.

In our age of advancing technology, personal selling now occurs via telephone, video conferencing, and computer networks.

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Sales and Sales Management

Personal sales representatives do more than just sell a product or service.

Personal sales jobs are multifaceted.

An effective sales representative will be engaged not only in selling, but will also conduct important relation ship-building activities with customers.

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Sales and Sales Management

Salespeople also serve as a source of ongoing market research information as they call upon their accounts.

Health care organizations are wise to embrace this broader view of the sales function when developing a marketing program to maximize this component of the promotional mix.

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The Personal Sales Process

Personal selling involves several steps beyond just getting the customer to agree to the sale.

Each step reflects the sales process as it pertains to a managed care organization.

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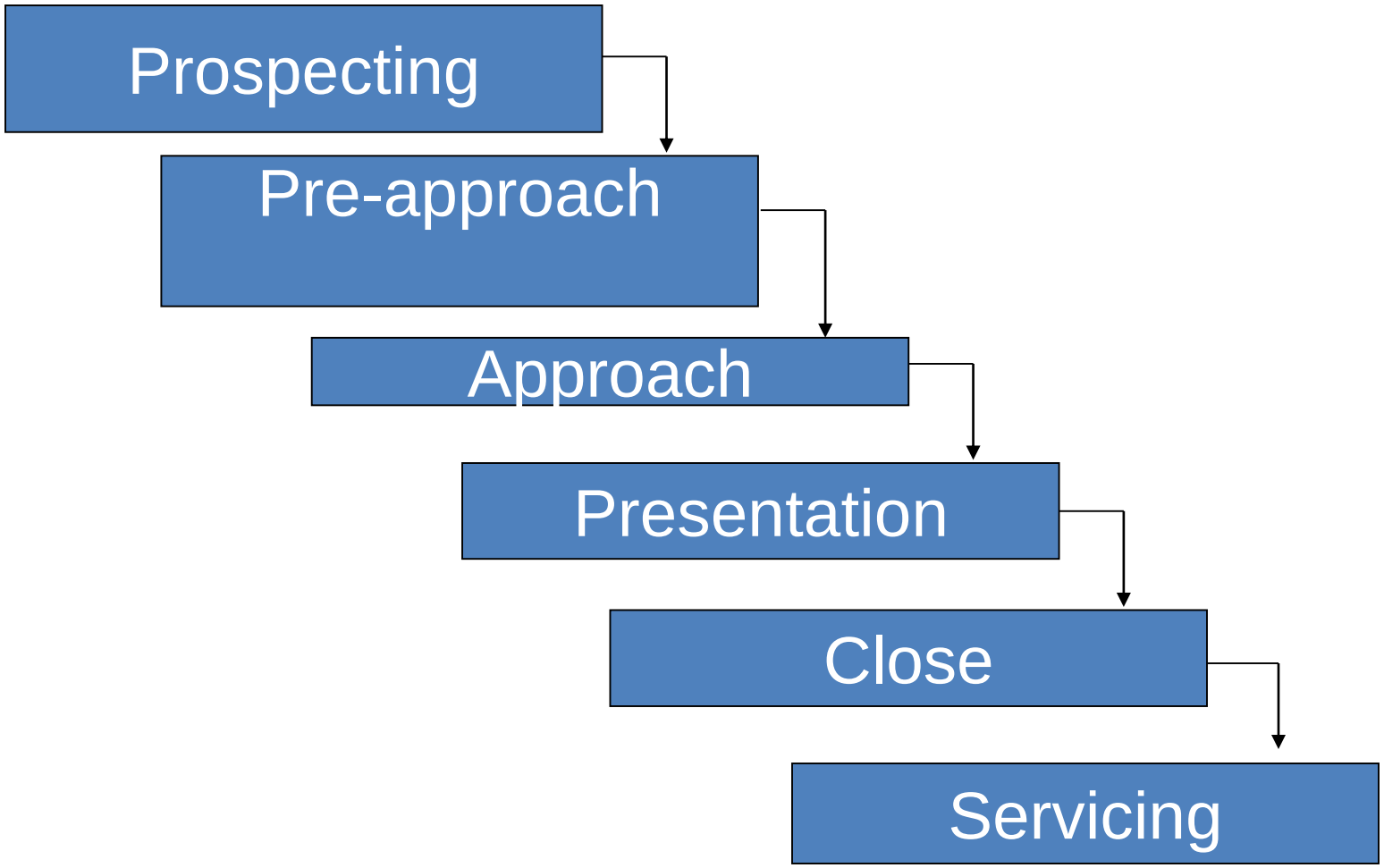
The Personal Sales Process



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1. Prospecting

Prospecting is the step in which the salesperson targets likely buyers or leads, for sales calls.

In this stage, the salesperson identifies qualified prospects, individuals who have a need for the product or service or are likely to buy.

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2. Pre-approach

This is an information gathering step in which the salesperson learns more about the customer and the customer's requirements.

The more knowledgeable the salesperson is about the prospect, the greater credibility he or she will have when trying to make the sale .

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3. Approach

The approach stage of the sales process involves the initial meeting with the buyer.

At this point, the sales representative tries to generate interest in the plan's offering and address the buyer's concerns and questions.

This stage involves establishing trust and credibility with the buyer.

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4.Presentation

This step is where the actual selling effort occurs.

The presentation is more difficult in service businesses than in product businesses .

Usually, the best way to make a presentation is to demonstrate the product, however, this is difficult to do for a health care program.

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5.Close

The close is the stage of the sales process that involves asking the buyer for a commitment to purchase.

All other steps of the sales process are irrelevant if the salesperson does not proceed to the close.

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6.Servicing

The last step in the sales process-servicing-is often ignored by salespeople.

This involves providing the buyer with post-sales follow up and support.

From the buyer's perspective, closing the sale is not the end of the process, but the beginning of a relationship.

In order to maintain repeat business, post sales service and follow up are essential.

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Managing The Sales Function

A health care institution just establishing a sales force must address many dimensions and concerns inherent in sales management, including sales force organization:

-Sales force size (structure)

-Recruitment and selection

-Training

-Compensation

-Sales force evaluation & Control

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Sales Force Organization

A sales force can be structured in several ways.

Variations in **sales force structure** :

- **Geographic** ……Advantages & Disadvantages
- **Product** ……Advantages & Disadvantages
- **Customer** ……Advantages & Disadvantages

(referral physicians, third party payers, owners/managers)

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Geographic Organization

The geographic structure is the simplest way to organize a sales force.

The major advantage of this method is that it reduces the travel time and cost of sales personnel.

Another benefit is that only one company sales representative calls on customers within each sales territory.

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Product Organization

Compared to the previous method, the primary benefit is that of product specialization.

Because many of the clinical services require detailed technical or clinical knowledge, this structure allows the salesperson to develop the needed expertise in a particular field.

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Product Organization

The disadvantages of this is that one customer could receive multiple calls by sales representatives from the same organization.

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Customer Organization

This health care system has organized its sales force around its major customers: referral physicians, third party payers, owners/managers

The major advantage of this structure is that the sales force can develop an expertise regarding customer requirements and concerns (only one sales representative from the organization is assigned to call on a particular customer).

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Customer Organization

The major disadvantage to this sales force organization is that it requires each member of the sales force to have a broad understanding of the all the products and services.

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Recruitment and Selection

The effectiveness of any sales force ultimately is related to the quality of the individual recruited for a sales position.

It is essential that the right person be matched with the position's job requirements.

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Training

Sales training is an ongoing activity for companies that want to maintain an effective sales force.

Training begins when the candidate is first hired and often continues with on the job training.

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Compensation

A major issue in the management of any sales force is determining the compensation system.

In developing an effective compensation plan, there are specific requirements important to the salesperson and valuable to the company.

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Compensation

Salespeople need to be assured that the compensation plan is equitable for the entire sales force.

A well designed plan should provide salespeople with a stable income, yet offer incentive to perform.

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Straight Salary

The straight salary compensation plan provides salespeople with a fixed salary.

One of the plan's disadvantages is its direct effects on motivation.

Financial reward is not tied to any particular aspect of sales performance.

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Commission Plan

An alternative to a straight salary program is one that pays on commission, in which the salesperson is paid based on sales performance in terms of volume, net revenue, or margin.

The advantage of this plan is that the salesperson is clearly focused on the sales task.

It also has the advantage of equity in that good performers are warded more highly than those who are less proficient.

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Combination Plans

A combination plan for a sales force consists of a base salary plus commissions and bonuses.

The base salary gives the salesperson some financial security as well as the motivation to perform the non-sales aspects of the job.

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Supplemental Incentives

A growing element in sales compensation is the use of supplemental programs, such as sales contests or non financial incentives.

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Sales Force Evaluation and Control

Input measures the effort: number of calls /day, product knowledge, hours worked / day, number of phone calls made.

Output measures the results of the salesperson's

efforts: sales, gross revenue, number of referrals generated, number of new users, and expenses.

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